

Message Text

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13

ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 PA-03 PRS-01 USIA-12 RSR-01

AGR-20 NSC-10 SS-15 STR-08 CEA-02 L-03 H-02 /168 W

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R 142115 Z MAY 73

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 1899

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY GEORGETOWN

AMEMBASSY PORT OF SPAIN

CINCLANT

LIMITED OFFICIAL USE KINGSTON 1584

CINCLANT FOR POLAD

E. O. 11652: N/A

TAGS: PINT EFIN JM

SUBJ: THE PROPERTY TAX - OUCH*

REF: KINSTON 1569

BEGIN SUMMARY: THE REALIZATION OF THE POTENTIAL MAGNITUDE
OF THE NEW TAX BIT IS DAWNING. A NUMBER OF GROUPS
BEGIN PLOTTING OUT COUNTER- ACTIONS AND REQUEST MEETINGS
WITH THE PRIME MINISTER AND OTHER AUTHORITIES. GOVERNMENT
MAY BACK DOWN. END SUMMARY.

1. AS BUSINESSMEN, FARMERS, HOMEOWNERS AND OTHERS HAVE
BEGUN TO CALCULATE THE DOLLARS AND CENTS IMPACT OF THE
NEW PROPERTY TAX, PROTEST MOVEMENTS HAVE BURGEONED
THROUGHOUT THE ISLAND. THE FRONT PAGE OF THE MONDAY
GLENER CARRIED A NUMBER OF COMPLAINTS, INCLUDING A
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DEMAND BY A MONTEGO BAY CITIZENS' GROUP THAT THE CHAMBERS OF COMMERCE TAKE UP THE MATTER DIRECTLY WITH THE PRIME MINISTER. ONE MEMBER OF THE GROUP THREATENED THAT HE WOULD BE FORCED TO LIQUIDATE HIS BUSINESS WHICH EMPLOYED 140 JAMAICANS IF THE TAX WERE ENFORCED. A FARMER COMMENTED THAT HE WOULD HAVE TO RAISE THE PRICE OF HIS CATTLE BY \$42.00 A HEAD TO COVER THE NEW TAXES.

2. AT SATURDAY'S MEETING OF THE COCONUT INDUSTRY BOARD, SIMILAR COMPLAINTS WERE HEARD AND ONE MEMBER ACCUSED THE GOVERNMENT OF GIVING THE COCONUT GROWERS AN INCENTIVE THROUGH PRICE INCREASES BUT THEN TAKING IT AWAY WITH A TWO OR THREE- FOLD INCREASE IN TAXES.

3. THE MONDAY GLEANER EDITORIAL ACKNOWLEDGED THE BASIC NECESSITY OF RAISING REVENUE, BUT COMPLAINED ABOUT THE APPARENTLY HAPHAZARD MANNER IN WHICH THE NEW RATES WERE BEING APPLIED. IT REJECTED A SUGGESTION BY OPPOSITION FINANCE SPOKESMAN, EDWARD SEAGA, THAT THE IMPOSITION OF THE TAX BE POSTPONED FOR TWO YEARS, ON THE GROUND THAT THE REVENUES WERE NEEDED.

4. THE MINISTER OF AGRICULTURE IN A MAY 12 SPEECH STRESSED THAT THE PROPERTY TAX WAS INTENDED TO GET IDLE LANDS INTO PRODUCTION. HE SAID THAT OWNERS (AND SPECULATORS) OF IDLE LANDS WERE BEING ASKED TO PLACE THEIR LANDS IN " REASONABLE PRODUCTION".

5. THE PARLIAMENTARY SECRETARY IN THE MINISTRY OF FINANCE, MAURICE TENN, WAS SCHEDULED TO MEET WITH REPRESENTATIVES OF THE NATIONAL FARMERS UNION TO DISCUSS THE TAX MEASURES.

6. COMMENT: AS THE EMBASSY POINTED OUT IN REFTTEL, THE PROPERTY TAXATION SCHEME WILL TAKE SOME GETTING USED TO AND INVOLVE CONSIDERABLE NEGOTIATIONS BETWEEN THE TAX COLLECTORS AND THE TAXPAYERS. IT VIEW OF THE UPROAR, IT IS POSSIBLE THAT THE GOVERNMENT WILL BE FORCED INTO SUBSTANTIAL COMPROMISES DURING THE NEXT SEVERAL WEEKS, WHICH CAN ONLY END IN A FURTHER COMPLICATION OF THE ISSUES.

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